

SECOND REGULAR SESSION

SENATE BILL NO. 994

97TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR DIXON.

Read 1st time February 27, 2014, and ordered printed.

TERRY L. SPIELER, Secretary.

6305S.011

AN ACT

To amend chapter 620, RSMo, by adding thereto one new section relating to early stage business development corporations.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 620, RSMo, is amended by adding thereto one new section, to be known as section 620.2700, to read as follows:

620.2700. 1. Beginning in fiscal year 2015, for four consecutive fiscal years, the state shall be authorized to pay, subject to appropriation each of those four years, the sum of nine million dollars per year to no more than six Early Stage Business Development Corporations (ESBDCs), which are Missouri not-for-profit corporations designated by the Missouri Technology Corporation (MTC) in amounts as follows:

(1) Two million dollars for each fiscal year for one ESBDC with its operating headquarters in each of the three largest metropolitan statistical areas (MSAs) in the state.

(2) Two million dollars for each fiscal year for one ESBDC with its operating headquarters in a MSA with a home rule city with more than one hundred eight thousand but fewer than one hundred sixteen thousand inhabitants.

(3) Five hundred thousand dollars for each fiscal year for each of two ESBDCs with their operating headquarters in either rural areas of Missouri or in MSAs other than one of the four MSAs set forth in subdivisions (1) and (2) of this subsection, provided that, under this subsection, no more than one ESBDC is designated in a county or MSA.

2. An ESBDC is a Missouri not-for-profit corporation designated by the MTC as a recipient of funds under this section which provides

22 grants to winners of a regional, national, or international competition
23 for early stage businesses with substantial operations in Missouri or
24 which begin operating in Missouri upon receipt of the grant and have
25 potential regional, national, or international sales, or potential
26 development of new technologies. To be eligible for designation under
27 this section, the Missouri not-for-profit corporation must have as its
28 primary mission providing grants to early stage for-profit companies
29 without taking an equity interest in the for-profit companies. The
30 grants shall not be in the form of loans, except in the case of ESBDCs
31 designated under subdivision (3) of subsection 1 of this section;
32 ESBDCs so designated may provide loans or grants. Grants provided
33 by an ESBDC to for-profit early stage companies must not exceed two
34 hundred thousand dollars per company. For ESBDCs designated under
35 subdivision (3) of subsection 1 of this section, loans must not exceed
36 two hundred thousand dollars per company. Notwithstanding anything
37 else herein to the contrary, ESBDCs designated by MTC under
38 subdivision (3) of subsection 1 of this section may, in addition to the
39 other purposes authorized herein, provide grants to early stage
40 companies for marketing agricultural products, conducting agricultural
41 research, and providing services to improve crop or livestock
42 production.

43 3. In order to be eligible for designation by the MTC under this
44 section, a Missouri not-for-profit corporation described in subdivisions
45 (1) or (2) of subsection 1 of this section must have received a total
46 donation of at least two million dollars at any time before applying for
47 designation from sources other than the state, MTC, or public
48 funds. Once such sum has been received, there shall be no further
49 requirement to receive donations in order to be designated or continue
50 to be designated by MTC under this section.

51 4. In order to be eligible for designation by MTC under this
52 section, a Missouri not-for-profit corporation described in subdivision
53 (3) of subsection 1 of this section must have received in donations at
54 least the sum of one hundred fifty thousand dollars from sources other
55 than the state, MTC, or public funds at any point before applying for
56 designation. For such a Missouri not-for-profit corporation described
57 in subdivision 3 of subsection 1 of this section, there shall be no further
58 requirement to receive donations in order to be designated or continue

59 to be designated by MTC under this section.

60 5. Each Missouri not-for-profit corporation seeking to be
61 designated by the MTC under this section as an ESBDC must apply for
62 such designation by no later than October fifteenth of the fiscal year
63 for which funds are sought. The MTC shall make a decision regarding
64 whether to approve such application for designation within sixty days
65 of the date of application and may extend the time for designation a
66 maximum of an additional thirty days.

67 6. Designation by MTC under this section of an ESBDC shall be
68 for a period of two consecutive years of funding.

69 (1) No more than one Missouri not-for-profit corporation shall be
70 designated by MTC as an ESBDC in each of the three largest MSAs in
71 Missouri as set forth in subdivision (1) of subsection 1 of this section,
72 and no other ESBDC shall be designated by MTC for that MSA for such
73 two-year period.

74 (2) No more than one Missouri not-for-profit corporation shall be
75 designated by MTC as an ESBDC in a MSA which is described in
76 subdivision (2) of subsection 1 of this section, and no other ESBDC shall
77 be designated by MTC for that MSA for such two-year period.

78 (3) No more than two Missouri not-for-profit corporations shall
79 be designated by MTC as an ESBDC in rural areas or in MSAs other
80 than those listed in subdivisions (1) and (2) of subsection 1 of this
81 section. If two Missouri not-for-profit corporations are designated by
82 MTC under subdivision (3) of subsection 1 of this section, no other
83 ESBDC shall be designated by MTC from rural areas or from MSAs
84 which are not those listed in subdivisions (1) and (2) of subsection 1 of
85 this section for such two-year period.

86 7. If, in any year, no Missouri not-for-profit corporation is
87 designated under subdivision (1) of subsection 1 of this section, the
88 funds for that year which otherwise would have been paid to an ESBDC
89 in such MSA under subdivision (1) of subsection 1 of this section, shall
90 be paid by MTC under subdivision (1) of subsection 1 of this section to
91 the ESBDCs designated in the remaining two largest MSAs in equal
92 amounts. In the event that, for any year in which no Missouri not-for-
93 profit corporation is designated by the MTC as an ESBDC under
94 subdivision (1) of subsection 1 of this section in two of the largest
95 MSAs, the funds for that year which otherwise would have been paid to

96 an ESBDC in those MSAs shall be paid by MTC under subdivision (1) of
97 subsection 1 of this section to the ESBDC which has been designated by
98 MTC in the remaining MSA which is one of the three largest in the
99 state. In the event no Missouri not-for-profit corporation is designated
100 by MTC under subdivision (1) of subsection 1 of this section for any
101 year in any of the three largest MSAs, the funds which otherwise would
102 have been paid to ESBDCs in such MSAs under subdivision (1) of
103 subsection 1 of this section shall be paid by MTC to the ESBDCs which
104 are designated under this section, in equal amounts.

105 8. If, in any year, no Missouri not-for-profit corporation is
106 designated under this section by the MTC for the MSA under
107 subdivision (2) of subsection 1 of this section, then the funds which
108 otherwise would have been paid to an ESBDC in such MSA shall be paid
109 by MTC to the ESBDCs which are designated under this section in
110 equal amounts.

111 9. In the event only one ESBDC listed in subdivision (3) of
112 subsection 1 of this section is designated by the MTC, the remaining
113 portion of the funds which otherwise would have been paid by MTC to
114 another ESBDC under subdivision (3) of subsection 1 of this section
115 shall be paid by MTC to the ESBDC which has been designated by MTC
116 under subdivision (3) of subsection 1 of this section. If no Missouri not-
117 for-profit is designated under this section by MTC as an ESBDC under
118 subdivision (3) of subsection 1 of this section, the funds which
119 otherwise would have been paid by MTC to ESBDCs under subdivision
120 (3) of subsection 1 of this section shall be paid to the ESBDCs which are
121 designated under this section in equal amounts.

122 10. Missouri not-for-profit corporations meeting the
123 requirements of this section, including those previously designated
124 under this section by the MTC, may apply for designation for an
125 additional two-year period following the first two-year period. The
126 same standards for designation and requirements for ESBDCs and
127 timing of applications and MTC designations set forth in this section
128 shall apply to the second two-year period.

129 11. The MTC shall evaluate the following criteria in determining
130 whether to designate a Missouri not-for-profit corporation under this
131 section:

132 (1) Potential growth of jobs in Missouri;

133 **(2) Development of Missouri early stage businesses which can**
134 **lead to national or international sales;**

135 **(3) Total of donations received from sources other than the state;**

136 **(4) Level of business support services provided to grant**
137 **recipients by the community in which the applicant operates; and**

138 **(5) History, if any, of success of companies funded by the not-for-**
139 **profit in building revenue and attracting capital.**

140 **12. In the event multiple applications are submitted to MTC by**
141 **Missouri not-for-profit corporations for designation under this section**
142 **for the same area, and if such Missouri not-for-profit corporations**
143 **comply with the requirements set forth in this section, then the MTC**
144 **shall designate as the ESBDC for that area the Missouri not-for-profit**
145 **applicant which has the best record of success based on the criteria set**
146 **forth in subsection 11 of this section.**

147 **13. If funds are appropriated by the state under this section,**
148 **such funds shall be segregated by MTC and paid solely under this**
149 **section and for no other purpose. In the event that less than nine**
150 **million dollars is appropriated under this section in any one year, then**
151 **the funds appropriated shall be paid by MTC to designated ESBDCs in**
152 **the same proportions as the appropriation is to nine million dollars.**

153 **14. Funds provided under this section may be used by the**
154 **ESBDCs for administrative expenses, for grants, for operations, and for**
155 **building a long-term endowment for grants.**

156 **15. Under section 23.253 of the Missouri sunset act:**

157 **(1) The provisions of the new programs authorized under this**
158 **section shall automatically sunset four years after the effective date of**
159 **this act unless reauthorized by an act of the general assembly;**

160 **(2) If such program is reauthorized, the program authorized**
161 **under this section shall automatically sunset eight years after the**
162 **effective date of the reauthorization of this section; and**

163 **(3) This section shall terminate on September first of the**
164 **calendar year immediately following the calendar year in which the**
165 **programs authorized under this section sunset.**

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